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**Observation and response to the decision by the CER to agree to the proposal by
ESB National Grid to cease issuing offers on wind connections to the grid
network between 3 December 2003 and year-end.**

We, as one of the many wind farm development companies in Ireland, are concerned at the approach been taken by the CER in response to K J O'Brien's letter dated 1 December 2003.

We have been involved in wind farm development since 1995 and in spite of excellent wind speeds, persistent positive government statements, Kyoto and EU requirements and AER round awards – Ireland has only managed to build a very limited number of wind farms totalling 174 MW. This in itself raises the question as to why we have not actually built wind farms. Obviously grid issues are a major factor but why did ESBNG accept in 1990 that up to 30% of the Country's energy consumption could be provided from renewable sources – and then do nothing about it? Neither did ESBNG put forward any plans in response to the 1999 Green Paper.

The reaction of all developers to the allocation of AER VI offers is again evidence that there is something basically flawed in the regulation of the energy industry in Ireland.

We note that the CER and OFREG jointly commissioned Garrad Hassan & Partners Limited to prepare a report on wind energy penetration to the grid network in the Republic of Ireland and Northern Ireland. (Doc. 3096/GR/04).

We wonder whether this report was commissioned due to the absence of a definitive plan from ESBNG, therefore effectively relieving them from their duties, or for the purpose of enabling the CER and OFREG to be in a position to form their own opinions on the future possibilities of renewable energy in both parts of Ireland. Clearly, if the latter case applies, then this raises the question as to why the CER took the decision to suspend all grid connection offers at this stage.

It is our opinion that ESBNG has effectively ignored the Government's requirement for green energy (in light of the Kyoto obligation) and also it's recommendations for

the renewable energy industry by adopting a monopolistic policy of “business as usual”.

We are furthermore of the opinion that the CER has a duty of care (as initiated by the EU and in the interests of a cleaner environment) to ensure maximum usage of renewable energy in Ireland and should require ESBNG to implement and use all necessary and available technology to maximise the use of renewable energy.

It would appear to us that most of the arguments being put forward by ESBNG are both out of date and irrelevant particularly as wind turbine technology has significantly evolved over the past few years resulting in more grid compliant turbines.

We wonder again whether ESBNG has an ulterior motive in seeking your agreement to its request to cease issuing offers on wind connections?

It is not the duty of the wind industry to design and manage the Transmission and Distribution network nor is it acceptable or right for ESBNG to request or expect the wind industry to supply solutions for problems that it was aware of for the past ten years but did not deal with.

It would appear from reading the CER letter that ESBNG is blatantly flouting its monopoly position by adopting an “all or nothing” approach. All developers are aware of the ongoing grid problems and the effects of wind generation but we are equally aware that there is a need for more power in the country.

We are strongly of the opinion that the CER, when considering its reaction to ESBNG, should have taken into account the impact on the national grid by recognising the difference between large and small wind farms and their locations, ie a two turbine (say 2MW) wind farm located near a strong grid in the midlands will have an entirely different impact on the grid to that of a twenty turbine (say 20MW) installation situated on the coastal extremities of Donegal, Mayo or Kerry. The CER was set up, inter alia, to regulate energy and therefore has a duty to ensure that whatever natural resources we have at our disposal are fully maximised in a manner which is fair to all concerned rather than taking the blanket approach as per its letter dated 3 December.

We therefore urge the CER to immediately modify its agreement to ESBNG’s request for the cessation on grid connection offers and to instruct ESBNG to implement all necessary steps to ensure the maximisation of all available renewable energy to the grid.

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Directors

19 December 2003